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United Nations Children's Fund
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Agenda item 11

Draft decision submitted to the Executive Board

Office of Internal Audit and Investigations 2017 annual report to the Executive Board

The Executive Board

1. *Takes note* of the UNICEF Office of Internal Audit and Investigations 2017 annual report to the Executive Board (E/ICEF/2018/AB/L.2), including the overall assurance opinion of the adequacy and effectiveness of the organization's framework of governance, risk management and control, and encourages the Office to continue to develop the accompanying rationale to aid the Board's understanding of the functioning of key processes;

2. *Welcomes* the supporting analysis for the assurance opinion of the Office of Internal Audit and Investigations, and also welcomes the progress made to develop and implement the Office's strategic road map, and requests the Office to include reporting against further key performance indicators related to their work in future annual reports, starting with the report to be presented at the annual session of the Executive Board in 2019;

3. *Requests* the Office of Internal Audit and Investigations to provide more-detailed analysis of cases of sexual exploitation and abuse of beneficiaries and sexual harassment in the workplace in accordance with its mandate, including allegations, investigations and actions taken, in its 2018 annual report to the Executive Board;

4. *Recalls* that the Office of Internal Audit and Investigations, in its annual report, confirms that it will conduct work in 2018 to provide assurance that a coherent and effective approach to child protection and safeguarding is successfully embedded in and mainstreamed across UNICEF, and in this regard, requests that (a) the Office, in its assessment and assurance, make specific recommendations for improvements in the approach and policies of UNICEF, as appropriate; and (b) the Office and management develop a system for monitoring progress against key performance indicators, to be reported on in future annual reports of the Office;

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5. *Welcomes* the Office's increased focus on key risk areas, the increasing number of internal audits of offices operating in complex humanitarian situations and the efforts to reduce the turnover time of reports to provide timely information to stakeholders;

6. *Takes note* of the Office's plans to undertake an external quality assessment of its audit and investigation teams, and asks the Office to include a summary of its findings and details of progress in implementing its recommendations in its next annual report;

7. *Also takes note* of the fact that no internal audit reports were rated adverse, but also of the decrease in reports rated satisfactory and the increase in reports rated strongly qualified, and encourages UNICEF to continue to develop quality;

8. *Further takes note* of the actions reported in response to the Office of Internal Audit and Investigations 2016 annual report and Executive Board decision 2017/10, and requests an update on the implementation of actions in response to the Office's 2017 annual report at the annual session of the UNICEF Executive Board in 2019;

9. *Takes note* of the decreased implementation rate of audit recommendations in 2017 compared with 2016, and encourages UNICEF management to implement outstanding audit recommendations and to ensure appropriate follow-up of key improvement areas, such as risk management, the management of implementing partners, fraud risk management and safeguarding, and to update the Executive Board at its annual session in June 2019;

10. *Welcomes* the efforts to minimize the number of actions outstanding for more than 18 months;

11. *Takes note* of the recommendations made to management by the Audit Advisory Committee, and encourages management to consider all recommendations by the Committee;

12. *Welcomes* the implementation of an anti-fraud strategy, and requests the Office to include in future annual reports an analysis of the channels by which allegations of fraud and other misconduct are detected or reported to the Office;

13. *Notes with concern* the consistently low level of recovery of defrauded funds, in particular with regard to third parties, and reiterates its call for management to do all that it can to ensure the timely recovery of any potential loss in investigated cases, and requests UNICEF management to provide, in future management responses, details, broken down by calendar year, of aggregate losses over prior years and cumulative recoveries to date against each year's losses;

14. *Notes with appreciation* that the Office reports that it was allocated appropriate and sufficient resources in 2017, and requests UNICEF to continue to allocate sufficient resources for the Office to ensure a satisfactory number of internal audits and investigations each year;

15. *Requests* UNICEF to continue to focus efforts on improving investigation timelines, noting the increasing number of cases pending for investigation from year to year.